GUNNISON VALLEY HEALTH

GVH and BOCC Work Session
Tuesday, September 25, 2018
BOCC Boardroom – Courthouse

AGENDA

For Gunnison Valley Health:

- Ronda Connaway, Board of Trustees, Chair
- Rob Santilli, CEO

Conversation Outline

I. Opening Comments & Introductions — Ronda Connaway

II. Operational Items — Rob Santilli

- Parking Lot Expansion
- Smoke-Free Campus
- Employee Engagement
- Quality Performance

III. Finance — Rob Santilli

- July Financials
- Budget Process
- CFO Recruitment

IV. Strategic — Rob Santilli

- Senior Care Center Development
- Medical Arts Facility
- Behavioral Health – Crested Butte
- Medical Surgical Renovation
- Cardiology Service
- Megan Sankey, MD
- Western State Colorado University Agreement
- New ED Physician

V. Commissioner Questions and Observations

GUNNISON VALLEY HEALTH

Operation review

Period Ending July, 2018

COMBINED OVERVIEW:

The combined financials for the month show that the hospital system earned $1.9M, on a budget of $922K, an increase in net income of $979K from budget; as compared to same month last year, where the system earned $899K, this year's $1.9M is above last year, same month by $1M. Year to date through current month, the system earned $6.07M net income, compared to a budget of $4.78M, showing an increase of $1.29M from budget; compared to prior year to date, where the system earned $6.36M, this year's net income to date is down $288K.

July-18	MONTH TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$ 1,624,559	$ 900,851	$ 723,708	80.3%	$ 732,469	$ 892,090	121.8%
SCC	$ 186,631	$ 40,870	$ 145,761	356.6%	$ 166,418	$ 20,213	12.1%
Hospice	$ 44,775	$ (7,161)	$ 51,936	725.3%	$ (9,877)	$ 54,652	553.3%
Home Health	$ (9,267)	$ (16,170)	$ 6,903	42.7%	$ (17,135)	$ 7,868	45.9%
Assisted Living	$ 2,626	$ 3,166	$ (540)	-17.1%	$ 6,957	$ (4,332)	62.3%
Foundation	$ 50,822		$ 50,822	100.0%	$ 19,990	$ 30,833	154.2%
Grand Total	$ 1,900,146	$ 921,556	$ 978,590	106.2%	$ 898,822	$ 1,001,324	111.4%

	YEAR TO DATE						
	Net Income	Budget	Var	% Var	P/Y	Var	% Var
GVH	$ 5,219,633	$ 4,803,727	$ 415,906	8.7%	$ 5,522,488	$ (302,855)	-5.5%
SCC	$ 847,739	$ 82,263	$ 765,476	930.5%	$ 794,561	$ 53,178	6.7%
Hospice	$ (5,794)	$ (44,792)	$ 38,998	87.1%	$ (53,835)	$ 48,040	89.2%
Home Health	$ (129,252)	$ (95,335)	$ (33,917)	-35.6%	$ (87,144)	$ (42,108)	-48.3%
Assisted Living	$ 27,535	$ 31,612	$ (4,077)	-12.9%	$ 47,768	$ (20,232)	-42.4%
Foundation	$ 110,408	$ -	$ 110,408	100.0%	$ 134,062	$ (23,653)	-17.6%
Grand Total	$ 6,070,269	$ 4,777,475	$ 1,292,794	27.1%	$ 6,357,900	$ (287,631)	-4.5%

DEBT SERVICE COVERAGE RATIO - The Debt Service Coverage Ratio for CoBiz was 8.94. The bond covenant requires GVH to keep a debt service ratio of 1.25.

DAYS CASH ON HAND - The cash on hand, excluding the construction cash, was 289 days as compared to the bond covenant requirement of 150 days.

INPATIENT VOLUMES – Admissions were Consistent with budget and 7 above prior year. Year to date, admissions were 21 below budget and 1 below prior year.

OUTPATIENT VOLUMES – Outpatient visits were 227 above budget and 481 above prior year. Year to date, outpatient visits were 2,799 above budget and 2,961 above prior year. Emergency room visits were 92 below budget and 70 below prior year. Year to date, ER visits were 304 below budget and 229 below prior year.

7/31/2018	CY	Bgt	Var.	% Var.	PY	Var.	% Var.
Outpatient Visits	4,940	4,713	227	4.8%	4,459	481	10.8%
Radiology	1,590	1,630	(40)	-2.5%	1,330	260	19.5%
Laboratory	8,352	7,918	434	5.5%	8,153	199	2.4%
YTD	CY	Bgt	Var.	% Var.	PY	Var.	% Var.
Outpatient Visits	31,083	28,284	2,799	9.9%	28,122	2,961	10.5%
Radiology	9,905	9,231	674	7.3%	9,000	905	10.1%
Laboratory	51,688	48,769	2,919	6.0%	49,483	2,205	4.5%

Gross Outpatient revenues were $1.09M above budget and $1.12M above prior year. Year to date, gross outpatient revenue was up $4.18M to budget, and was up $4.52M from prior year.

OTHER OPERATING REPORTS:

SENIOR CARE CENTER

Jul-18

	MONTH TO DATE								
	Unit	C/M	Bgt	Var	% Var		PY	Var	% Var
SCC	Days	1,344	1,240	104	8.4%		1,317	27	2.1%
H/H	Census	46	44	2	4.5%		35	11	31.4%
A. Living	Days	465	420	45	10.7%		465	-	0.0%
Hospice	Days	119	62	57	91.9%		63	56	88.9%
Palliative	Days	183	155	28	18.1%		154	29	18.8%

	YEAR TO DATE								
	Unit	C/M	Bgt	Var	% Var		PY	Var	% Var
SCC	Days	9,428	8,840	588	6.7%		9,325	103	1.1%
H/H	Census	273	308	(35)	-11.4%		278	(5)	-1.8%
A. Living	Days	3,079	2,954	125	4.2%		3,109	(30)	-1.0%
Hospice	Days	975	417	558	133.8%		347	628	181.0%
Palliative	Days	847	860	(13)	-1.5%		1,041	(194)	-18.6%

SENIOR CARE CENTER

Patient days of 1,344 for the Senior Care Center were 104 days above the budget of 1,240 days and were 27 days above prior year days of 1,317. Year to date, SCC days of 9,428 were 588 above budget of 8,840 and 103 days above prior year days of 9,325. Net operating revenue of $434K shows an increase over budgeted net operating revenue of $346K by $88K; net operating revenue shows an increase from prior year of $75K. Current expenses of $387K shows a decrease of $71K from budget; prior year expenses of $337K shows an increase of $50K in current month's expenses.

HOME MEDICAL SERVICES

Census of 46 for home health shows an increase of 2 from budget and an increase of 11 above prior year.

The current month net operating revenue for Home Medical Services of $37K shows a decrease of $3K from the budget; current month net operating revenue shows a decrease from prior year of $10K. Total current month operating expense of $46K shows a decrease of $10K from budget of $56K; the total current month operating expense shows a decrease of $17K for current month, prior year. The net income for the current month of negative $9K is favorable to budget of negative $16K. The net income for the current month is favorable by $8K from previous year.

The Gunnison Consolidated Living Community's net income of $153K was favorable to the budgeted income of $72K by $81K; current month net income was $7K favorable to prior year's same month net income.

GUNNISON VALLEY HEALTH
CURRENT MONTH RATIOS

Entity	Type	Actual	Budgeted	Variance Amount	Variance Percentage
System YTD	Net Op Revenue	30,897,034	29,174,121	1,722,913	5.91%
	Expenses	25,900,143	25,141,078	(759,065)	-3.02%
	Other Income	1,073,378	744,432	328,946	44.19%
	Fund Change	6,070,269	4,777,475	1,292,794	27.06%
	Total Margin	19.65%	16.38%	3.27%	19.97%
	Operating Margin	16.17%	13.82%	2.35%	16.99%
	EBIDA	23.35%	21.97%	1.38%	6.30%
System Current Month	Net Op Revenue	5,391,820	4,553,069	838,751	18.42%
	Expenses	3,688,489	3,738,361	49,872	1.33%
	Other Income	196,815	106,848	89,967	84.20%
	Fund Change	1,900,146	921,556	978,590	106.19%
	Total Margin	35.24%	20.24%	15.00%	74.11%
	Operating Margin	31.59%	17.89%	13.70%	76.55%
	EBIDA	38.22%	25.36%	12.86%	50.73%
GVH	Net Op Revenue	4,738,535	4,107,173	631,362	15.37%
	Expenses	3,188,897	3,175,828	(13,069)	-0.41%
	Other Income	74,921	(30,494)	105,415	345.69%
	Fund Change	1,624,559	900,851	723,708	80.34%
	Total Margin	34.28%	21.93%	12.35%	56.31%
	Operating Margin	32.70%	22.68%	10.03%	44.22%
	EBIDA	37.40%	26.18%	11.22%	42.87%
SCC	Net Op Revenue	434,022	345,668	88,354	25.56%
	Expenses	386,808	457,431	70,623	15.44%
	Other Income	139,417	152,633	(13,217)	-8.66%
	Fund Change	186,631	40,870	145,761	356.64%
	Total Margin	43.00%	11.82%	31.18%	263.68%
	Operating Margin	10.88%	-32.33%	43.21%	133.65%
	EBIDA	46.03%	28.83%	17.20%	59.68%
Home Health	Net Op Revenue	36,531	39,860	(3,329)	-8.35%
	Expenses	45,798	56,030	10,232	18.26%
	Fund Change	(9,267)	(16,170)	6,903	42.69%
	Total Margin	-25.37%	-40.57%	15.20%	37.47%
	Operating Margin	-25.37%	-40.57%	15.20%	37.47%
Hospice & Palliative Care	Net Op Revenue	69,049	11,351	57,698	508.31%
	Expenses	24,274	18,512	(5,762)	-31.12%
	Fund Change	44,775	(7,161)	51,936	725.26%
	Total Margin	64.85%	-63.09%	127.93%	202.79%

GUNNISON VALLEY HEALTH
CURRENT MONTH RATIOS

Entity	Type	Actual	Budgeted	Variance Amount	Variance Percentage
	Operating Margin	64.85%	-63.09%	127.93%	202.79%
Assisted Living	Net Op Revenue	52,052	49,017	3,035	6.19%
	Expenses	31,903	30,560	(1,343)	-4.40%
	Other Income	(17,523)	(15,291)	(2,231)	-14.59%
	Fund Change	2,626	3,166	(540)	-17.06%
	Total Margin	5.04%	6.46%	-1.41%	-21.90%
	Operating Margin	38.71%	37.65%	1.05%	2.80%
Foundation	Net Op Revenue	61,631		61,631	
	Expenses	10,809		(10,809)	
	Fund Change	50,822		50,822	
	Total Margin	82.46%		82.46%	
	Operating Margin	82.46%		82.46%	

GUNNISON VALLEY HOSPITAL
OPERATING/INCOME STATEMENT 08/20/18 12:50 PM
FOR THE 7 MONTHS ENDING 07/31/18

	SINGLE MONTH				YEAR TO DATE			
	ACTUAL	BUDGET	$ VARIANCE	% VAR	ACTUAL	BUDGET	$ VARIANCE	% VAR
PATIENT REVENUE								
INPATIENT	1,736,568	1,060,198	676,370	63	7,790,906	7,707,222	83,684	1
OUTPATIENT	3,557,267	2,853,050	704,217	24	22,307,406	18,786,010	3,521,396	18
EMERGENCY ROOM	1,762,298	1,398,468	363,830	26	8,236,749	7,301,655	935,094	12
OBSERVATION	291,237	296,269	(5,031)	(1)	1,438,495	1,746,393	(307,897)	(17)
SWING	101,658	146,838	(45,179)	(30)	1,016,979	1,250,190	(233,210)	(18)
PROFESSIONAL FEE	753,563	855,538	(101,974)	(11)	4,338,589	5,076,836	(738,246)	(14)
CB MTN CLINIC	182,682	152,856	29,826	19	1,130,341	1,012,963	117,378	11
GVHFM	258,798	163,545	95,253	58	1,996,085	1,345,975	650,110	48
TOTAL PATIENT	8,644,073	6,926,762	1,717,311	24	48,255,553	44,227,244	4,028,309	9
REVENUE DEDUCTIONS								
MEDICARE	(1,188,797)	(1,252,972)	64,174	5	(8,477,902)	(7,956,119)	(521,783)	(6)
MEDICAID	(1,197,800)	(593,003)	(604,797)	(101)	(4,870,885)	(3,696,233)	(1,174,652)	(31)
COMMERCIAL	(1,330,073)	(769,017)	(561,056)	(72)	(5,735,658)	(5,181,168)	(554,490)	(10)
CHARITY	(49,305)	(67,080)	17,774	26	(604,784)	(469,560)	(135,224)	(28)
OTHER	(36,465)	(19,971)	(16,494)	(82)	(232,619)	(139,797)	(92,822)	(66)
BAD DEBT	(115,030)	(141,117)	26,086	18	(1,144,224)	(891,706)	(252,518)	(28)
TOTAL REVENUE	(3,917,474)	(2,843,160)	(1,074,314)	(37)	(21,066,075)	(18,334,583)	(2,731,492)	(14)
OTHER OPERATING	11,935	23,571	(11,635)	(49)	160,104	188,549	(28,444)	(15)
NET OPERATING	4,738,534	4,107,173	631,361	15	27,349,582	26,081,210	1,268,372	4
OPERATING EXPENSES								
SALARIES	1,415,346	1,366,333	(49,013)	(3)	9,204,466	9,173,094	(31,372)	(0)
CONTRACT LABOR	29,843	34,558	4,714	13	223,429	226,620	3,190	1
BENEFITS	232,470	302,591	70,120	23	2,693,711	2,118,143	(575,568)	(27)
PROFESSIONAL FEE	266,021	288,070	22,048	7	1,814,521	1,888,413	73,891	3
TRAVEL AND EDUCA	18,029	36,079	18,049	50	136,774	254,603	117,828	46
PURCHASED SERVIC	245,864	293,312	47,447	16	2,263,513	1,988,738	(274,775)	(13)
SUPPLIES	634,200	448,462	(185,738)	(41)	3,795,805	3,101,636	(694,169)	(22)
INSURANCE	36,384	27,711	(8,673)	(31)	250,882	193,977	(56,905)	(29)
DEPRECIATION/AMO	129,711	158,371	28,659	18	917,766	1,108,597	190,830	17
INTEREST	17,741	15,833	(1,908)	(12)	121,051	110,831	(10,220)	(9)
OTHER	163,283	204,508	41,224	20	982,102	1,139,556	157,453	13
TOTAL OPERATIN	3,188,896	3,175,828	(13,068)	(0)	22,404,024	21,304,208	(1,099,816)	(5)
NON OPERATING REV (EXP)								
INVESTMENT INCOM	19,474	7,228	12,246	169	259,395	50,596	208,799	412
DONATIONS	56,446	(39,392)	95,838	243	57,978	(39,610)	97,588	246
OTHER NON OPERAT	(1,000)	(1,670)	670	40	31,017	7,711	23,306	302
TOTAL NON OPER	74,921	(33,834)	108,755	321	348,391	18,697	329,694	1763
TOTAL EXPENSE	3,113,975	3,209,662	95,686	2	22,055,633	21,285,511	(770,122)	(3)
NET PROFIT (LO	1,624,559	897,511	727,048	81	5,293,949	4,795,699	498,250	10

Gunnison Valley Hospital Variances

Revenue & Deductions:

Inpatient Revenue favorable to budget $676K as anesthesia process changed and charges for April through July were posted in the current month for $707K. Revenue deductions were higher (43% for Medicare, Medicaid, & Commercial) than budgeted contractual allowance (37.8% for same categories) as anesthesia's write off were calculated at 62% based on zero balance accounts through July.

Benefits:

Benefits were favorable to budget $70K as health insurance was favorable.

Purchased Services:

Favorable to budget $47K:

1. Mammography, as Hologic, was not budgeted for $15K;
2. MRI for maintenance contracts that were unbudgeted at $10K;
3. OR maintenance favorable to budget $9K;
4. Lab contract services favorable $12K due to refund;
5. Anesthesia contract services favorable $8K due to credit taken for duplicate payment;
6. Administration favorable $13K in audit and legal fees;
7. Remainder of variance due to other departments having nonmaterial variances.

Supplies:

Supplies unfavorable $186K. OR unfavorable $96K due to the complexity of orthopedic procedures. Pharmacy unfavorable to budget $109K due to increased volumes in infusion center which are billable charges that offset the costs of supplies. The patients received more expensive products such as Darzalex, Keytruda, Rituxan, Remicade, and Imfinzi, to name a few.

Other:

Favorable to budget $41K. Emergency management favorable $18K. Multiple other departments favorable $3K or less.

Senior Care Center Variances

Revenue:

Hospice favorable to budget $57K. SCC favorable to budget $27K.

Benefits:

Favorable to budget $25K as employee health insurance was favorable $11K and employee benefit accrual was favorable $14K.

Purchased Services:

Favorable $14K as most departments were favorable, but less than $2K each.

Depreciation:

Depreciation favorable as the budgeted expense was evenly distributed throughout the year even though the increase will not be seen until the end of the year.

Interest:

Favorable since SCC is capitalizing interest through the construction process.

KEY STATISTICS

	Month-to-Date							Year-to-Date						
	Jul-18	Bgt	Var	% Var	Jul-17	Var	% Var	July-18	Bgt	Var	% Var	Jul-17	Var	% Var
Inpatient Days	112	113	(1)	-0.9%	113	(1)	-0.9%	809	848	(39)	-4.6%	769	40	5.2%
Average Daily Census	3.6	3.6	(0.0)	-0.9%	3.6	(0.0)	-0.9%	3.8	4.0	(0.2)	-4.6%	3.6	0.2	5.2%
Admissions	51	51	-	0.0%	44	7	15.9%	316	337	(21)	-6.2%	315	1	0.3%
Avg. Length of Stay	2.2	2.2	(0.0)	-0.9%	2.6	(0.4)	-14.5%	2.6	2.5	0.0	1.7%	2.4	0.1	4.9%
Percent Occupancy	15.1%	15.2%	-0.1%	-0.9%	15.2%	-0.1%	-0.9%	15.9%	16.7%	-0.8%	-4.6%	0.2	0.0	5.2%
Births	13	14	(1)	-7.1%	5	8	160.0%	72	73	(1)	-1.4%	51	21	41.2%
Swing Bed Days	28	45	(17)	-37.8%	51	(23)	-45.1%	342	402	(60)	-14.9%	396	(54)	-13.6%
Observation Patients	34	55	(21)	-38.2%	42	(8)	-19.0%	230	285	(55)	-19.3%	244	(14)	-5.7%
Lab Exams	8,352	7,918	434	5.5%	8,153	199	2.4%	51,688	48,769	2,919	6.0%	49,483	2,205	4.5%
EMS Patients	93	104	(11)	-10.6%	75	18	24.0%	433	517	(84)	-16.2%	483	(50)	-10.4%
ER Visits	771	863	(92)	-10.7%	841	(70)	-8.3%	3,928	4,232	(304)	-7.2%	4,157	(229)	-5.5%
Cardiopulmonary Exams	607	492	115	23.4%	607	-	0.0%	3,922	3,558	364	10.2%	3,559	363	10.2%
X-Ray Exams	641	835	(194)	-23.2%	663	(22)	-3.3%	4,020	4,179	(159)	-3.8%	4,012	8	0.2%
Ultrasound Exams	205	137	68	49.6%	162	43	26.5%	1,269	1,022	247	24.2%	953	316	33.2%
Mammo Exams	150	109	41	37.6%	19	131	689.5%	1,119	900	219	24.3%	559	560	100.2%
CT Scan Exams	323	322	1	0.3%	282	41	14.5%	1,636	1,644	(8)	-0.5%	1,584	52	3.3%
MRI Exams	130	127	3	2.4%	115	15	13.0%	794	897	(103)	-11.5%	878	(84)	-9.6%
Physical Therapy Patients	564	528	36	6.8%	581	(17)	-2.9%	4,151	4,134	17	0.4%	4,263	(112)	-2.6%
Physical Therapy Modalities	1,467	1,456	11	0.8%	1,631	(164)	-10.1%	11,295	12,026	(731)	-6.1%	12,111	(816)	-6.7%
CB Clinic Patients	154	141	13	9.2%	111	43	38.7%	1,479	1,173	306	26.1%	969	510	52.6%
CB Clinic Modalities	437	508	(71)	-14.0%	361	76	21.1%	3,991	4,297	(306)	-7.1%	2,924	1,067	36.5%
Occup Therapy Patients	122	75	47	62.7%	49	73	149.0%	706	644	62	9.6%	544	162	29.8%
Occup Therapy Modalities	317	159	158	99.4%	100	217	217.0%	1,867	1,536	331	21.5%	1,266	601	47.5%
Surgery - Inpatient	18	17	1	5.9%	22	(4)	-18.2%	138	147	(9)	-6.1%	134	4	3.0%
Surgery - Outpatient	69	73	(4)	-5.5%	50	19	38.0%	458	501	(43)	-8.6%	484	(26)	-5.4%
Scopes	45	38	7	18.4%	34	11	32.4%	808	605	203	33.6%	279	529	189.6%
Surgeries - Total	132	128	4	3.1%	106	26	24.5%	1,404	1,253	151	12.1%	897	507	56.5%
Outpatient visits	4,940	4,713	227	4.8%	4,459	481	10.8%	31,083	28,284	2,799	9.9%	28,122	2,961	10.5%
Imaging	1,590	1,630	(40)	-2.5%	1,330	260	19.5%	9,905	9,231	674	7.3%	9,000	905	10.1%
Laboratory	8,352	7,918	434	5.5%	8,153	199	2.4%	51,688	48,769	2,919	6.0%	49,483	2,205	4.5%
MODALITIES														
Imaging	1	1	0	15.0%	1	(0)	-1.0%	1	1	(0)	-2.8%	1	(0)	-1.1%
Laboratory	1	1	-	0.0%	1	-	0.0%	1	1	-	0.0%	1	-	0.0%